

TOWNSHIP OF AUTRAIN, MICHIGAN

FINANCIAL STATEMENTS

For the Year Ended March 31, 2008

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ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

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GREEN BAY
MILWAUKEE

INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Members of
the Township Board of Trustees
Township of AuTrain, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of AuTrain, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of AuTrain, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of AuTrain, Michigan, as of March 31, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2008, on our consideration of the Township of AuTrain, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 9 and 26 through 28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Supervisor and Members of
the Township Board of Trustees
Township of AuTrain, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of AuTrain, Michigan's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

October 27, 2008

Township of AuTrain, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of AuTrain's financial performance provides an overview of the Township's financial activities for the year ended March 31, 2008. Please read it in conjunction with the financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- Net assets for the Township as a whole increased by \$39,656 as a result of this year's operations.
- During the year, the Township had expenses for governmental activities that were \$372,767.
- The General Fund reported a net fund balance of \$246,480. Net income was \$129,136 higher than the forecasted decrease of \$109,887.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the Township as a Whole

Our analysis of the Township as a whole begins on page 6. One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's *net assets* and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or *financial position*. Over time, *increases or decreases* in the Township's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's patron base and the condition of the Township's capital assets, to assess the *overall financial health* of the Township.

In the Statement of Net Assets and the Statement of Activities, we divide the Township into one kind of activity:

- **Governmental Activities** – Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Reporting the Township's Most Significant Funds

Our analysis of the Township's major funds begins on page 8. The fund financial statements begin on page 12 and provide detailed information on the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money.

- *Governmental funds* – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.

The Township as Trustee

The Township is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 16. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations.

The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Township as a Whole

Table I provides a summary of the Township's net assets as of March 31, 2008 and March 31, 2006.

Table 1 Net Assets		
	Governmental Activities 3/31/08	Governmental Activities 3/31/06
Current & Other Assets	\$678,080	\$689,861
Capital Assets, net	763,167	815,962
Total Assets	<u>1,441,247</u>	<u>1,505,823</u>
Current Liabilities	17,674	15,642
Non-current Liabilities	42,744	61,213
Total Liabilities	<u>60,418</u>	<u>76,855</u>
Net Assets:		
Invested in capital assets, net of related debt	710,966	746,163
Restricted	-	-
Unrestricted (deficit)	669,863	682,805
Total Net Assets	<u>\$1,380,829</u>	<u>\$1,428,968</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Net assets of the Township's governmental activities stood at \$1,380,829. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$669,863.

The \$669,863 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (see Table 2).

Table 2 Change in Net Assets		
	Governmental Activities 3/31/08	Governmental Activities 3/31/06
Revenues:		
Program Revenues:		
Charges for services	\$ 15,351	\$ 10,504
Operating grants and contributions	2,393	52,387
General Revenues:		
Property taxes	273,391	241,840
State sources	80,674	81,875
Interest and miscellaneous	40,614	25,294
Total Revenues	<u>412,423</u>	<u>411,900</u>
Program Expenses:		
Legislative	5,541	5,541
General services & administration	82,175	113,226
Public safety	79,248	70,205
Public Works	133,098	120,703
Community and Economic Development	10,496	11,050
Recreation and Culture	14,607	15,065
Other	14,694	5,668
Debt Service	3,030	5,602
Unallocated Depreciation	29,878	54,875
Total Expenses	<u>372,767</u>	<u>401,935</u>
Excess (deficiency) before transfers	<u>39,656</u>	<u>9,965</u>
Transfers	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	39,656	9,965
Net assets, beginning, as restated	<u>1,341,173</u>	<u>1,419,003</u>
Net Assets, Ending	<u><u>\$ 1,380,829</u></u>	<u><u>\$ 1,428,968</u></u>

The Township's total revenues were \$412,423. The total cost of all programs and services was \$372,767, creating an increase in net assets of \$39,656.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Governmental Activities

The Governmental Activities experienced an increase in net assets for the year of \$39,656. Key reasons for the change in net assets are as follows:

- Net increase in governmental fund balances of \$53,605
- Depreciation charged to expenditures of \$(29,878)
- Capital outlay reclassified to Capital asset of \$6,918
- Repayment of principal from expenditure to long term liabilities of \$9,011

THE TOWNSHIP'S FUNDS

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 11 reported a *combined* fund balance of \$669,863 a increase of \$53,605 from the beginning of the year.

Governmental Funds increased by \$53,605. This is primarily due to Fire Fund tax levy exceeding current year expenditures, while the Rubbish Collection Fund tax levy did not cover collection fees.

General Fund Budgetary Highlights

Over the course of the year, the Township Board made no revisions to the budget.

Revenues had a budget of \$144,338 causing a positive variance of \$29,672. This was due to higher property tax revenue than expected, as well as higher interest.

Expenditures had a budget of \$254,225 and actual expenditures of \$154,761, causing a positive variance of \$99,464. The main reason was over budgeting \$51,600 in general governmental activities, as well as \$23,670 for road improvement projects that were not completed during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2006, the Township had \$815,962 invested in a variety of capital assets including land, buildings, and other equipment. (See table 3 below)

Table 3 Capital Assets at Year-End (Net of Depreciation)		
	Governmental Activities – 2008	Governmental Activities – 2006
Land	\$360,000	\$360,000
Land improvements	-	-
Buildings and improvements	318,417	336,892
Equipment and furnishings	84,750	119,070
	<u>\$763,167</u>	<u>\$815,962</u>

The Township recorded depreciation expense of \$29,878 for 2008 and had a building improvement project of \$6,918 paid from general fund equity balance.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Debt

At end of the fiscal year, the Township of AuTrain, Michigan had \$52,201 in leases outstanding as depicted in Table 4 below.

	Table 4 Outstanding Debt at Year-End	
	Governmental Activities - 2008	Governmental Activities - 2006
Fire Truck # 2	\$52,201	\$69,798
Total debt	\$52,201	\$69,798

The Township of AuTrain, Michigan had no new debt in the current year and made principal payments of \$9,011.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the Township's budget for the year ending March 31, 2009 basically, the budget is the same for the year ending March 31, 2008, with a few adjustments for changing conditions.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of AuTrain, P.O. Box 33, AuTrain, Michigan 49806.

TOWNSHIP OF AUTRAIN, MICHIGAN

STATEMENT OF NET ASSETS

March 31, 2008

	Governmental Activities
ASSETS:	
Current assets:	
Cash and Cash Equivalents	\$ 624,073
Accounts Receivable	45,238
Prepaid Expenses	8,769
	<hr/>
TOTAL CURRENT ASSETS	678,080
	<hr/>
Non-current assets:	
Land	360,000
Capital Assets	1,193,410
Less Accumulated Depreciation	(790,243)
	<hr/>
TOTAL NON-CURRENT ASSETS	763,167
	<hr/>
TOTAL ASSETS	1,441,247
	<hr/>
LIABILITIES:	
Current liabilities:	
Accounts Payable	8,217
Current Portion of Bond/Notes Payable	9,457
Other Current Liabilities	-
	<hr/>
TOTAL CURRENT LIABILITIES	17,674
	<hr/>
Non-current liabilities:	
Non-current Portion of Bond/Notes Payable	42,744
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TOTAL NON-CURRENT LIABILITIES	42,744
	<hr/>
TOTAL LIABILITIES	60,418
	<hr/>
NET ASSETS:	
Invested in Capital Assets Net of Related Debt	710,966
Restricted:	
Debt Service	-
Unrestricted	669,863
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TOTAL NET ASSETS	\$ 1,380,829
	<hr/> <hr/>

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN

STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2008

Function / Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Legislative	\$ 5,541	\$ -	\$ -	\$ (5,541)
Judicial	-	-	-	-
General Government	82,175	3,396	-	(78,779)
Public Safety	79,248	11,955	-	(67,293)
Public Works	133,098	-	2,393	(130,705)
Health and Welfare	-	-	-	-
Community and Economic Development	10,496	-	-	(10,496)
Recreation and Culture	14,607	-	-	(14,607)
Other Functions	14,694	-	-	(14,694)
Capital Outlay	-	-	-	-
Debt Service	3,030	-	-	(3,030)
Unallocated - Depreciation	29,878	-	-	(29,878)
TOTAL GOVERNMENTAL ACTIVITIES	372,767	15,351	2,393	(355,023)
General revenues:				
Taxes				273,391
Unrestricted State sources				80,674
Interest and investment earnings				21,908
Miscellaneous				18,706
Transfers in (Out)				-
TOTAL GENERAL REVENUES AND TRANSFERS				394,679
				CHANGES IN NET ASSETS
				39,656
Net Assets , April 1				<u>1,341,173</u>
				NET ASSETS, MARCH 31
				<u><u>\$ 1,380,829</u></u>

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2008

	General Fund	Fire Fund	Rubbish Collection Fund	Total
ASSETS:				
Cash and Cash Equivalents	\$ 217,209	\$ 269,115	\$ 137,749	\$ 624,073
Accounts Receivable	18,926	-	-	18,926
Delinquent Taxes Receivable	5,657	15,074	5,581	26,312
Due From Other Funds	-	-	-	-
Prepaid Expenses	4,688	4,081	-	8,769
TOTAL ASSETS	<u>\$ 246,480</u>	<u>\$ 288,270</u>	<u>\$ 143,330</u>	<u>\$ 678,080</u>
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts Payable	\$ -	\$ -	\$ 8,217	\$ 8,217
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>8,217</u>	<u>8,217</u>
FUND BALANCES:				
Unreserved	<u>246,480</u>	<u>288,270</u>	<u>135,113</u>	<u>669,863</u>
TOTAL FUND BALANCES	<u>246,480</u>	<u>288,270</u>	<u>135,113</u>	<u>669,863</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 246,480</u>	<u>\$ 288,270</u>	<u>\$ 143,330</u>	<u>\$ 678,080</u>

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

March 31, 2008

Total Fund Balances for Governmental Funds		\$	669,863
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*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds.

Land	360,000	
Cost of capital assets	1,193,410	
Accumulated depreciation	<u>(790,243)</u>	
		763,167

Long-term liabilities are not due and payable in the current period and are
not reported in the funds. Long-term liabilities at year-end consist of:

Notes payable - Current	9,457	
Notes payable - Long-Term	<u>42,744</u>	
		(52,201)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>1,380,829</u>
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TOWNSHIP OF AUTRAIN, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended March 31, 2008

	General Fund	Fire Fund	Rubbish Collection Fund	Total
REVENUES:				
Taxes	\$ 69,987	\$ 149,433	\$ 53,971	\$ 273,391
Licenses and Permits	-	-	-	-
Federal Sources	-	-	-	-
State Sources	83,067	-	-	83,067
Contributions From Local Sources	-	-	-	-
Charges for Services	3,396	11,955	-	15,351
Fines and Forfeitures	-	-	-	-
Interest and Rents	8,692	7,216	6,000	21,908
Other Revenue	8,868	9,225	613	18,706
TOTAL REVENUES	174,010	177,829	60,584	412,423
EXPENDITURES:				
Legislative	5,541	-	-	5,541
Judicial	-	-	-	-
General Government	82,175	-	-	82,175
Public Safety	-	79,248	-	79,248
Public Works	20,330	-	112,768	133,098
Health and Welfare	-	-	-	-
Community and Economic Development	10,496	-	-	10,496
Recreation and Culture	14,607	-	-	14,607
Other Functions	21,612	-	-	21,612
Capital Outlay	-	-	-	-
Debt Service	-	12,041	-	12,041
TOTAL EXPENDITURES	154,761	91,289	112,768	358,818
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	19,249	86,540	(52,184)	53,605
OTHER FINANCING SOURCES (USES):				
Operating Transfer In	-	-	-	-
Operating Transfer (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	19,249	86,540	(52,184)	53,605
Fund Balance, Beginning of Year	227,231	201,730	187,297	616,258
FUND BALANCE, END OF YEAR	\$ 246,480	\$ 288,270	\$ 135,113	\$ 669,863

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended March 31, 2008

Net Change in Fund Balances - Total Governmental Funds	\$	53,605
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*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Depreciation expense	(29,878)	
Capital outlays	6,918	(22,960)

Repayment of bond/note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

	9,011	
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>39,656</u>
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TOWNSHIP OF AUTRAIN, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

March 31, 2008

	<u>Agency Fund</u>
ASSETS:	
Cash and Cash Equivalents	<u>\$ 5,748</u>
TOTAL ASSETS	<u><u>\$ 5,748</u></u>
 LIABILITIES:	
Due to Other Funds	\$ -
Due to Other Governmental Units	<u>5,748</u>
TOTAL LIABILITIES	<u><u>\$ 5,748</u></u>

See Notes to Financial Statements.

TOWNSHIP OF AUTRAIN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Township have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

(1) REPORTING ENTITY

The Township's financial statements present the Township (the primary government). In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Township may or may not be financially accountable and, as such, be includable within the Township's financial statements.

(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities.

In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

The government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the Township:

- **General Fund** - General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.
- **Fire Fund** - Fire Fund is a Special Revenue Fund type used to account for financial resources to be used for the expenditures related to Fire protection services.
- **Rubbish Collection Fund** - Rubbish Collection fund is a Special Revenue Fund type used to account for financial resources to be used for the expenditure of garbage collection.

Proprietary Funds

There are no Proprietary Funds in use.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The agency fund is custodial in nature and does not present results of operations or have a measurement focus.

Permanent Funds

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the government or its citizenry.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township reports the following major governmental funds:

- The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Fire Fund** is a Special Revenue Fund type used to account for financial resources to be used for the expenditures related to Fire protection services.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- The **Rubbish Collection Fund** is a Special Revenue Fund type used to account for financial resources to be used for the expenditure of garbage collection.

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

(4) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

(5) FINANCIAL STATEMENT AMOUNTS

Budgets and Budgetary Accounting – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following April, 1st. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to March 31, of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board of Trustees, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.

- e. The Supervisor is authorized by means of Township policy to make certain transfers:

The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or groups(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.

- 1. The following considerations must be reviewed in determination of transfer approvals.
 - a. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
 - b. Will the transfer maintain the financial integrity of the Township?
 - c. Will the transfer provide a reasonable solution to the Departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Supervisor and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.

- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board of Trustees, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash Equivalents and Investments – For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

Receivables – All trade and property tax receivables/payable are shown as net of allowance for uncollectible amounts.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements

and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	15 years
Building, structures and improvements	40 years
Equipment	5 years

Long-Term Liabilities – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

Property Taxes – Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

Deferred Revenues – Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Interfund Activity – Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE B – DEPOSITS AND INVESTMENTS:

Cash Equivalents

As of March 31, 2008, the Township's cash and cash equivalents and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and equivalents	\$624,073	\$5,748	\$629,821
Investments	-	-	-
	<u>\$624,073</u>	<u>\$5,748</u>	<u>\$629,821</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require and the Township does not have a deposit policy for custodial credit risk. The carrying amounts of the Township's deposits with financial institutions were \$629,821 and the bank balance was \$630,194 bank balance is categorized as follows:

Amount insured by the FDIC	\$105,837
Amount uncollateralized and uninsured	524,357
	<u>\$630,194</u>

Investments

As of March 31, 2008, the Township did not have any investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Township's investments. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Michigan statutes (Act 196, PA 1997) authorize the Township to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The Township has no investment policy that would further limit its investment choices. Ratings are not required for the Township's investment in U.S. Government Agencies or equity-type funds. The Township's investments are in accordance with statutory authority.

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

NOTE C – CAPITAL ASSETS:

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at March 31, 2007	Additions	Disposals	Balance at March 31, 2008
GOVERNMENTAL ACTIVITIES:				
Land	\$360,000	\$ -	\$ -	\$360,000
Total Capital Assets, not being depreciated	360,000	-	-	\$360,000
Buildings and improvements	523,392	6,918	-	530,310
Furniture and equipment	663,100	-	-	663,100
Total Capital Assets, being depreciated	1,186,492	-	-	1,193,410
Less Accumulated Depreciation:				
Buildings and improvements	(199,175)	(12,718)	-	(211,893)
Furniture and equipment	(561,190)	(17,160)	-	(578,350)
Total Accumulated Depreciation	(760,365)	(29,878)	-	(790,243)
Governmental Activities Capital Assets, Net	\$786,127	\$(22,960)	\$ -	\$763,167

Depreciation expenses for the governmental activities were charged to the following functions and activities of the primary government:

Unallocated Depreciation	\$29,878
Total	<u>\$29,878</u>

NOTE D – LONG-TERM DEBT:

Changes in long term debt principal during the period ended March 31, 2008 are summarized as follows:

	April 1, 2007	Additions	Subtractions	March 31, 2008	Due Within One Year
Fire Truck Note #2	\$61,212	\$-	\$9,011	\$52,201	\$9,456
TOTAL PRIMARY GOVERNMENT LONG-TERM DEBT	\$105,846	\$-	\$9,011	\$52,201	\$9,456

FIRE TRUCK NOTE #2

A Fire Truck was purchased on June 27, 2002 for \$123,201 with an interest rate of 4.95%, with \$30,000 due at purchase with 10 annual payments of \$12,041 due in June of each year.

Year	Principal	Interest	Total
2008	\$9,456	\$2,585	\$12,041
2009	9,924	2,117	12,041
2010	10,416	1,625	12,041
2011	10,931	1,110	12,041
2012	11,474	567	12,041
Total	\$52,201	\$8,004	\$60,205

NOTE E – PROPERTY TAXES:

The Township's property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st.

Although the Township's 2007 ad valorem tax is levied and collectible on December 1, 2007, it is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60) days.

The 2007 taxable valuation of the Township totaled \$52,411,798, on which ad valorem taxes levied consisted of .7482 mills for the Township's operation purposes, 1.0000 mills for the Township's rubbish collection and 2.7862 mills for the Township's fire department operations. These amounts are recognized in the General Fund, Rubbish Collection Fund, and Fire Fund financial statements as revenue.

NOTE F – CONTINGENT LIABILITIES:

Risk Management – The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained commercial insurance to handle its risk of loss.

REQUIRED SUPPLEMENTAL
FINANCIAL INFORMATION

TOWNSHIP OF AUTRAIN, MICHIGAN
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 48,016	\$ 48,016	\$ 69,987	\$ 21,971
Licenses and Permits	-	-	-	-
Federal Sources	-	-	-	-
State Sources	80,322	80,322	83,067	2,745
Contributions From Local Sources	-	-	-	-
Charges for Services	7,500	7,500	3,396	(4,104)
Fines and Forfeitures	-	-	-	-
Interest and Rents	3,000	3,000	8,692	5,692
Other Revenue	5,500	5,500	8,868	3,368
TOTAL REVENUES	144,338	144,338	174,010	29,672
EXPENDITURES:				
Legislative	6,600	6,600	5,541	1,059
Judicial	-	-	-	-
General Government	133,775	133,775	82,175	51,600
Public Safety	-	-	-	-
Public Works	44,000	44,000	20,330	23,670
Health and Welfare	-	-	-	-
Community and Economic Development	19,250	19,250	10,496	8,754
Recreation and Culture	20,000	20,000	14,607	5,393
Other Functions	30,600	30,600	21,612	8,988
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
TOTAL EXPENDITURES	254,225	254,225	154,761	99,464
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(109,887)	(109,887)	19,249	129,136
OTHER FINANCING SOURCES (USES):				
Operating Transfer In	-	-	-	-
Operating Transfer (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	(109,887)	(109,887)	19,249	129,136
Fund Balance, Beginning of Year	227,231	227,231	227,231	-
FUND BALANCE, END OF YEAR	\$ 117,344	\$ 117,344	\$ 246,480	\$ 129,136

TOWNSHIP OF AUTRAIN, MICHIGAN
FIRE FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended March 31, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 143,800	\$ 143,800	\$ 149,433	\$ 5,633
Licenses and Permits	-	-	-	-
Federal Sources	2,000	2,000	-	(2,000)
State Sources	-	-	-	-
Contributions From Local Sources	-	-	-	-
Charges for Services	-	-	11,955	11,955
Fines and Forfeitures	-	-	-	-
Interest and Rents	2,000	2,000	7,216	5,216
Other Revenue	-	-	9,225	9,225
TOTAL REVENUES	<u>147,800</u>	<u>147,800</u>	<u>177,829</u>	<u>30,029</u>
EXPENDITURES:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
General Government	-	-	-	-
Public Safety	117,778	117,778	79,248	38,530
Public Works	-	-	-	-
Health and Welfare	-	-	-	-
Community and Economic Development	-	-	-	-
Recreation and Culture	-	-	-	-
Other Functions	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	60,000	60,000	12,041	47,959
TOTAL EXPENDITURES	<u>177,778</u>	<u>177,778</u>	<u>91,289</u>	<u>86,489</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(29,978)</u>	<u>(29,978)</u>	<u>86,540</u>	<u>116,518</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfer In	-	-	-	-
Operating Transfer (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(29,978)</u>	<u>(29,978)</u>	<u>86,540</u>	<u>116,518</u>
Fund Balance, Beginning of Year	<u>201,730</u>	<u>201,730</u>	<u>201,730</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 171,752</u>	<u>\$ 171,752</u>	<u>\$ 288,270</u>	<u>\$ 116,518</u>

TOWNSHIP OF AUTRAIN, MICHIGAN
RUBBISH COLLECTION FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 49,500	\$ 49,500	\$ 53,971	\$ 4,471
Licenses and Permits	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Contributions From Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Interest and Rents	2,500	2,500	6,000	3,500
Other Revenue	-	-	613	613
TOTAL REVENUES	52,000	52,000	60,584	8,584
EXPENDITURES:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	123,000	123,000	112,768	10,232
Health and Welfare	-	-	-	-
Community and Economic Development	-	-	-	-
Recreation and Culture	-	-	-	-
Other Functions	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
TOTAL EXPENDITURES	123,000	123,000	112,768	10,232
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(71,000)	(71,000)	(52,184)	18,816
OTHER FINANCING SOURCES (USES):				
Operating Transfer In	-	-	-	-
Operating Transfer (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	(71,000)	(71,000)	(52,184)	18,816
Fund Balance, Beginning of Year	187,297	187,297	187,297	-
FUND BALANCE, END OF YEAR	\$ 116,297	\$ 116,297	\$ 135,113	\$ 18,816

OTHER SUPPLEMENTAL
FINANCIAL INFORMATION

TOWNSHIP OF AUTRAIN, MICHIGAN
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 48,016	\$ 48,016	\$ 69,987	\$ 21,971
Licenses and Permits	-	-	-	-
Federal Sources	-	-	-	-
State Sources	80,322	80,322	83,067	2,745
Contributions From Local Sources	-	-	-	-
Charges for Services	7,500	7,500	3,396	(4,104)
Fines and Forfeitures	-	-	-	-
Interest and Rents	3,000	3,000	8,692	5,692
Other Revenue	5,500	5,500	8,868	3,368
TOTAL REVENUES	144,338	144,338	174,010	29,672
EXPENDITURES:				
Legislative	6,600	6,600	5,541	1,059
Judicial	-	-	-	-
General Government	133,775	133,775	82,175	51,600
Public Safety	-	-	-	-
Public Works	44,000	44,000	20,330	23,670
Health and Welfare	-	-	-	-
Community and Economic Development	19,250	19,250	10,496	8,754
Recreation and Culture	20,000	20,000	14,607	5,393
Other Functions	30,600	30,600	21,612	8,988
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
TOTAL EXPENDITURES	254,225	254,225	154,761	99,464
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(109,887)	(109,887)	19,249	129,136
OTHER FINANCING SOURCES (USES):				
Operating Transfer In	-	-	-	-
Operating Transfer (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	(109,887)	(109,887)	19,249	129,136
Fund Balance, Beginning of Year	227,231	227,231	227,231	-
FUND BALANCE, END OF YEAR	\$ 117,344	\$ 117,344	\$ 246,480	\$ 129,136

TOWNSHIP OF AUTRAIN, MICHIGAN
FIRE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended March 31, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 143,800	\$ 143,800	\$ 149,433	\$ 5,633
Licenses and Permits	-	-	-	-
Federal Sources	2,000	2,000	-	(2,000)
State Sources	-	-	-	-
Contributions From Local Sources	-	-	-	-
Charges for Services	-	-	11,955	11,955
Fines and Forfeitures	-	-	-	-
Interest and Rents	2,000	2,000	7,216	5,216
Other Revenue	-	-	9,225	9,225
TOTAL REVENUES	<u>147,800</u>	<u>147,800</u>	<u>177,829</u>	<u>30,029</u>
EXPENDITURES:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
General Government	-	-	-	-
Public Safety	117,778	117,778	79,248	38,530
Public Works	-	-	-	-
Health and Welfare	-	-	-	-
Community and Economic Development	-	-	-	-
Recreation and Culture	-	-	-	-
Other Functions	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	60,000	60,000	12,041	47,959
TOTAL EXPENDITURES	<u>177,778</u>	<u>177,778</u>	<u>91,289</u>	<u>86,489</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(29,978)</u>	<u>(29,978)</u>	<u>86,540</u>	<u>116,518</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfer In	-	-	-	-
Operating Transfer (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(29,978)</u>	<u>(29,978)</u>	<u>86,540</u>	<u>116,518</u>
Fund Balance, Beginning of Year	<u>201,730</u>	<u>201,730</u>	<u>201,730</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 171,752</u>	<u>\$ 171,752</u>	<u>\$ 288,270</u>	<u>\$ 116,518</u>

TOWNSHIP OF AUTRAIN, MICHIGAN
RUBBISH COLLECTION FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 49,500	\$ 49,500	\$ 53,971	\$ 4,471
Licenses and Permits	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Contributions From Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Interest and Rents	2,500	2,500	6,000	3,500
Other Revenue	-	-	613	613
TOTAL REVENUES	52,000	52,000	60,584	8,584
EXPENDITURES:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	123,000	123,000	112,768	10,232
Health and Welfare	-	-	-	-
Community and Economic Development	-	-	-	-
Recreation and Culture	-	-	-	-
Other Functions	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
TOTAL EXPENDITURES	123,000	123,000	112,768	10,232
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(71,000)	(71,000)	(52,184)	18,816
OTHER FINANCING SOURCES (USES):				
Operating Transfer In	-	-	-	-
Operating Transfer (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	(71,000)	(71,000)	(52,184)	18,816
Fund Balance, Beginning of Year	187,297	187,297	187,297	-
FUND BALANCE, END OF YEAR	\$ 116,297	\$ 116,297	\$ 135,113	\$ 18,816

OTHER SUPPLEMENTAL
FINANCIAL INFORMATION

TOWNSHIP OF AUTRAIN, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes:			
Current Levy	\$ 38,500	\$ 35,240	\$ (3,260)
Commercial Forest Reserve	-	9,101	9,101
Swamp Tax	31	31	-
Delinquent Taxes	-	5,657	
Tax Collection Fees	9,485	19,958	10,473
Total Taxes	48,016	69,987	16,314
State Sources:			
State Revenue Sharing	80,322	80,674	352
Metro Act	-	2,393	2,393
Total State Sources	80,322	83,067	2,745
Local Sources:			
Grants	-	-	-
Total Local Sources	-	-	-
Charges for Services:			
Miscellaneous Services	7,500	3,396	(4,104)
Total Charges for Services	7,500	3,396	(4,104)
Interest:			
Investment Interest	2,500	7,687	5,187
Rental Income	500	1,005	505
Total Interest	3,000	8,692	5,692
Other Revenue:			
Other Revenue	5,500	8,868	3,368
Total Other Revenue	5,500	8,868	3,368
TOTAL REVENUES	144,338	174,010	24,015
EXPENDITURES:			
Legislative:			
Township Board			
Personal Services	6,600	5,541	1,059
Supplies	-	-	-
Other Services and Charges	-	-	-
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Township Board	6,600	5,541	1,059
Total Legislative	6,600	5,541	1,059

TOWNSHIP OF AUTRAIN, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government:			
Supervisor:			
Personal Services	\$ 20,100	\$ 8,312	\$ 11,788
Supplies	-	-	-
Other Services and Charges	-	2,260	(2,260)
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Supervisor	<u>20,100</u>	<u>10,572</u>	<u>9,528</u>
Clerk:			
Personal Services	17,400	9,420	7,980
Supplies	-	904	(904)
Other Services and Charges	-	2,090	(2,090)
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Clerk	<u>17,400</u>	<u>12,414</u>	<u>4,986</u>
Elections:			
Personal Services	4,600	915	3,685
Supplies	-	109	(109)
Other Services and Charges	-	760	(760)
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Elections	<u>4,600</u>	<u>1,784</u>	<u>2,816</u>
Board of Review:			
Personal Services	-	-	-
Supplies	-	-	-
Other Services and Charges	2,400	1,180	1,220
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Board of Review	<u>2,400</u>	<u>1,180</u>	<u>1,220</u>
Treasurer:			
Personal Services	25,025	9,420	15,605
Supplies	-	1,996	(1,996)
Other Services and Charges	-	8,486	(8,486)
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Treasurer	<u>25,025</u>	<u>19,902</u>	<u>5,123</u>

TOWNSHIP OF AUTRAIN, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Assessor:			
Personal Services	\$ -	\$ -	\$ -
Supplies	-	894	(894)
Other Services and Charges	24,800	20,725	4,075
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Assessor	<u>24,800</u>	<u>21,619</u>	<u>3,181</u>
Building and Grounds:			
Personal Services	25,950	5,264	20,686
Supplies	-	-	-
Other Services and Charges	-	7,005	(7,005)
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Building and Grounds	<u>25,950</u>	<u>12,269</u>	<u>13,681</u>
Cemetery:			
Personal Services	-	-	-
Supplies	-	-	-
Other Services and Charges	13,500	2,435	11,065
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Cemetery	<u>13,500</u>	<u>2,435</u>	<u>11,065</u>
Total General Government	<u>133,775</u>	<u>82,175</u>	<u>51,600</u>
Public Works:			
Streets:			
Personal Services	-	-	-
Supplies	-	-	-
Other Services and Charges	-	-	-
Capital Outlay	35,000	11,932	23,068
Debt Service	-	-	-
Total Streets	<u>35,000</u>	<u>11,932</u>	<u>23,068</u>
Streetlight:			
Personal Services	-	-	-
Supplies	-	-	-
Other Services and Charges	9,000	8,398	602
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Streetlight	<u>9,000</u>	<u>8,398</u>	<u>602</u>
Total Public Works	<u>44,000</u>	<u>20,330</u>	<u>23,670</u>

TOWNSHIP OF AUTRAIN, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Community and Economic Development:			
Zoning:			
Personal Services	\$ -	\$ -	\$ -
Supplies	-	-	-
Other Services and Charges	18,500	10,496	8,004
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Zoning	<u>18,500</u>	<u>10,496</u>	<u>8,004</u>
Community Action:			
Personal Services	-	-	-
Supplies	-	-	-
Other Services and Charges	750	-	750
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Community Action	<u>750</u>	<u>-</u>	<u>750</u>
Total Community and Economic Development	<u>19,250</u>	<u>10,496</u>	<u>8,754</u>
Recreation and Culture:			
Recreation Department:			
Personal Services	-	-	-
Supplies	-	-	-
Other Services and Charges	20,000	14,607	5,393
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Recreation Department	<u>20,000</u>	<u>14,607</u>	<u>5,393</u>
Total Recreation and Culture	<u>20,000</u>	<u>14,607</u>	<u>5,393</u>
Other Functions:			
Fringe Benefits	4,000	7,145	(3,145)
Insurance and Bonds	15,000	11,463	3,537
Other Services and Charges	11,500	3,004	8,496
Capital Outlay	100	-	100
Total Other Functions	<u>30,600</u>	<u>21,612</u>	<u>8,988</u>
Total Other Functions	<u>30,600</u>	<u>21,612</u>	<u>8,988</u>
TOTAL EXPENDITURES	<u>254,225</u>	<u>154,761</u>	<u>99,464</u>
EXCESS OF REVENUES OVER			
(UNDER) EXPENDITURES	<u>(109,887)</u>	<u>19,249</u>	<u>123,479</u>

TOWNSHIP OF AUTRAIN, MICHIGAN

MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Year Ended March 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES):			
Operating Transfer In	\$ -	\$ -	\$ -
Operating Transfer (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCE	(109,887)	19,249	123,479
Fund Balance, Beginning of Year	227,231	227,231	-
FUND BALANCE, END OF YEAR	<u>\$ 117,344</u>	<u>\$ 246,480</u>	<u>\$ 123,479</u>

TOWNSHIP OF AUTRAIN, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
FIRE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Taxes:			
Current Levy	\$ 143,800	\$ 131,363	\$ (12,437)
Commercial Forest Reserve	-	2,996	2,996
Delinquent Taxes		15,074	15,074
Total Taxes	<u>143,800</u>	<u>149,433</u>	<u>5,633</u>
Federal Sources:			
Grant	2,000	-	(2,000)
Total Federal Sources	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Charges for Services:			
Fire Services	-	11,955	11,955
Total Charges for Services	<u>-</u>	<u>11,955</u>	<u>11,955</u>
Interest:			
Investment Interest	2,000	7,216	5,216
Total Interest	<u>2,000</u>	<u>7,216</u>	<u>5,216</u>
Other Revenue:			
Other Revenue	-	9,225	9,225
Total Other Revenue	<u>-</u>	<u>9,225</u>	<u>9,225</u>
TOTAL REVENUES	<u>147,800</u>	<u>177,829</u>	<u>30,029</u>
EXPENDITURES:			
Public Safety:			
Fire Department:			
Personal Services	15,300	17,605	(2,305)
Supplies	78	-	78
Other Services and Charges	84,400	48,263	36,137
Capital Outlay	18,000	13,380	4,620
Debt Service	60,000	12,041	47,959
Total Fire Department	<u>177,778</u>	<u>91,289</u>	<u>86,489</u>
Total Public Safety	<u>177,778</u>	<u>91,289</u>	<u>86,489</u>
TOTAL EXPENDITURES	<u>177,778</u>	<u>91,289</u>	<u>86,489</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(29,978)</u>	<u>86,540</u>	<u>116,518</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfer In	-	-	-
Operating Transfer (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(29,978)</u>	<u>86,540</u>	<u>116,518</u>
Fund Balance, Beginning of Year	201,730	201,730	-
FUND BALANCE, END OF YEAR	<u>\$ 171,752</u>	<u>\$ 288,270</u>	<u>\$ 116,518</u>

TOWNSHIP OF AUTRAIN, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
RUBBISH COLLECTION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Taxes:			
Current Levy	\$ 48,500	\$ 47,315	\$ (1,185)
Commercial Forest Reserve	1,000	1,075	75
Delinquent Taxes	-	5,581	5,581
Total Taxes	<u>49,500</u>	<u>53,971</u>	<u>4,471</u>
Interest:			
Investment Interest	2,500	6,000	3,500
Total Interest	<u>2,500</u>	<u>6,000</u>	<u>3,500</u>
Other Revenue:			
Other Revenue	-	613	613
Total Other Revenue	<u>-</u>	<u>613</u>	<u>613</u>
TOTAL REVENUES	<u>52,000</u>	<u>60,584</u>	<u>8,584</u>
EXPENDITURES:			
Public Works:			
Sanitation:			
Personal Services	-	-	-
Supplies	-	-	-
Other Services and Charges	123,000	112,768	10,232
Capital Outlay	-	-	-
Debt Service	-	-	-
Total Sanitation	<u>123,000</u>	<u>112,768</u>	<u>10,232</u>
Total Public Works	<u>123,000</u>	<u>112,768</u>	<u>10,232</u>
TOTAL EXPENDITURES	<u>123,000</u>	<u>112,768</u>	<u>10,232</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(71,000)</u>	<u>(52,184)</u>	<u>18,816</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfer In	-	-	-
Operating Transfer (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(71,000)</u>	<u>(52,184)</u>	<u>18,816</u>
Fund Balance, Beginning of Year	<u>187,297</u>	<u>187,297</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 116,297</u>	<u>\$ 135,113</u>	<u>\$ 18,816</u>

TOWNSHIP OF AUTRAIN, MICHIGAN

FIDUCIARY FUNDS

COMBINING STATEMENT OF NET ASSETS

March 31, 2008

	TRUST & AGENCY FUND	TAX COLLECTION FUND	TOTAL
ASSETS:			
Cash and Cash Equivalents	\$ 1,420	\$ 4,328	\$ 5,748
TOTAL ASSETS	<u>\$ 1,420</u>	<u>\$ 4,328</u>	<u>\$ 5,748</u>
LIABILITIES:			
Due to Other Funds	\$ -	\$ -	\$ -
Due to Other Governmental Units	1,420	4,328	5,748
TOTAL LIABILITIES	<u>\$ 1,420</u>	<u>\$ 4,328</u>	<u>\$ 5,748</u>

COMPLIANCE SUPPLEMENTS



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Supervisor and Members of
the Township Board of Trustees
Township of AuTrain, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of AuTrain, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township of AuTrain, Michigan's basic financial statements and have issued our report thereon dated October 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of AuTrain, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of AuTrain, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of AuTrain, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of AuTrain, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of AuTrain, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the Township of AuTrain, Michigan's internal control. We consider the deficiencies listed as 08-01, 08-02, 08-03, and 08-04, described in a separate letter to management, dated October 27, 2008, to be significant deficiencies in internal control over financial reporting.

Honorable Supervisor and Members of
the Township Board of Trustees
Township of AuTrain, Michigan

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of AuTrain, Michigan's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Township of AuTrain, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in a separate letter to management dated October 27, 2008 as items 08-05.

The Township of AuTrain, Michigan's response to the findings identified in our audit is described in the separate letter to management. We did not audit The Township of AuTrain, Michigan's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman, & Company, P.L.C.
Certified Public Accountants

October 27, 2008



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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MICHIGAN
ESCANABA
IRON MOUNTAIN
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GREEN BAY
MILWAUKEE

Township of AuTrain, Michigan
Report to Management Letter
For the Year Ended March 31, 2008

Honorable Supervisor and Members of
the Township Board of Trustees
Township of AuTrain, Michigan

In planning and performing our audit of the financial statements of the Township of AuTrain, Michigan as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of AuTrain, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

08-01 – Segregation of Duties

Condition/Criteria: The accounting staff of the Township of AuTrain, Michigan is made up of a limited number of staff, which does not allow full segregation of duties.

Effect: Because of the limited staff, there is an increased chance that misstatements in financial statements would not be prevented or detected on a timely basis.

Cause of Condition: The size of the organization's accounting staff precludes certain internal design controls that would be preferred if the office staffs were large enough to provide optimum segregation of duties.

Honorable Supervisor and Members of
the Township Board of Trustees
Township of AuTrain, Michigan

Recommendation: Smaller organizations, due to limited resources, are generally more sensitive to the cost of implementing these design controls and often have compensating controls to partially mitigate this deficiency.

Management Response – Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Mary Rogers, Clerk
- Corrective Action Planned:
 - The Township Board of Trustees closely monitors all payments and will begin to review the financial statements on a monthly basis.
- Anticipated Completion Date
 - March 31, 2009

08-02 – CASH RECONCILIATIONS

Condition/Criteria: Although the Township of AuTrain, Michigan cash is being reconciled to a subsidiary spreadsheet for monitoring, it is not being reconciled to the general ledger on a monthly basis and not being approved by a separate party. The basis of strength in any system of sound internal control is a strong reconciliation function.

Effect: Because the cash accounts are not being reconciled in the general ledger system, there is activity missing from the general ledger during the year and creates a lack of internal controls.

Cause of Condition: Failure to properly reconcile the general ledger to the bank accounts and treasurers manual bank reconciliations.

Recommendation: We suggest, and good internal control dictates, the general ledger accounts to be reconciled on a monthly basis with the appropriate accounting entries being made to the system even if supplemental activity is being performed. This will insure accurate financial reporting on an interim basis for decision making by the Board of Trustees and management.

Management Response – Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Mary Rogers, Clerk
- Corrective Action Planned:
 - The Township is planning on incorporating improved cash reconciliation procedures in the coming fiscal year.
- Anticipated Completion Date:
 - March 31, 2009

08-03 – Financial Reporting Cycle

Condition/Criteria: The monthly and year end financial reporting package as presented to the Board of Trustees is not fully compliant with the generally accepted accounting principles of reporting.

Effect: The lack of a full set of financial statements, including a balance sheet and statement of revenues and expenditures, results in the Board of Trustees' inability to determine the funds' financial positions.

Honorable Supervisor and Members of
the Township Board of Trustees
Township of AuTrain, Michigan

Cause of Condition: Failure to include a full set of financial statements in the financial reporting package as presented to the Board of Trustees.

Recommendation: The Township should expand the financial reporting package as presented to the Board of Trustees to include the balances sheets and statements of revenue and expenditures to conform to current reporting standards. We also suggest any significant monthly and year end cut-off adjusting entries be incorporated into the financial statements in order to present a clearer picture of the various funds of the Township. The Board of Trustees should document review of the financial affairs in the minutes of the meeting as well as other financial events.

Management Response – Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Mary Rogers, Clerk
- Corrective Action Planned:
 - The full set of financial statements will be included as part of the financial reporting package as presented to the Board of Trustees and the Board of Trustees will document this review of the financial affairs in the minutes of the meeting as well as other financial events.
- Anticipated Completion Date:
 - March 31, 2009

08-04 – ASSIST IN PREPARING FINANCIAL STATEMENTS AND FOOTNOTES.

Condition/Criteria: Statement on Auditing Standards #112 requires us to communicate in writing when a client requires assistance to prepare the financial statements and footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America.

Effect: We assisted management with the external financial reporting responsibility to ensure their financial statements are in accordance with GAAP.

Cause of Condition: The staff of the district does not have adequate time to prepare all the information included in the annual financial statements. Therefore, we assisted in the preparing the financial statements and related footnotes.

Recommendation: We do not recommend any changes to this situation at this time and communicate this as required by professional standards.

Management Response – Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Mary Rogers, Clerk
- Corrective Action Planned:
 - We are aware of this deficiency and believe it is not cost beneficial in our situation to allocate the time needed to prepare the audit report in the current fiscal year.
- Anticipated Completion Date:
 - March 31, 2009

Honorable Supervisor and Members of
the Township Board of Trustees
Township of AuTrain, Michigan

INSTANCES OF NON-COMPLIANCE

08-05 – CHART OF ACCOUNTS (REPEAT)

Condition/Criteria: Public Act 2 of 1968, as amended, provides that townships shall use the Uniform Chart of Accounts for Counties and Local Units of Government in Michigan. During the year ended March 31, 2008, the Township did not use any account numbers as required by this act.

Effect: The Township is not in compliance with State Law.

Cause of Condition: Failure to setup account numbers when setting up their new computer system.

Recommendation: The Township should setup their computer system with the account number and name for all accounts in the general ledger.

Management Response – Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Mary Rogers, Clerk
- Corrective Action Planned:
 - The Township is planning on incorporating the account numbers into their computer system in the coming fiscal year.
- Anticipated Completion Date:
 - March 31, 2009

This communication is intended solely for the information and use of management, Board of Trustees, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman, & Company, P.L.C.
Certified Public Accountants

October 27, 2008